

Mineral Industry Surveys

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IRON ORE IN MAY 2006

U.S. mine production of iron ore in May 2006, on a daily average basis, was 9% greater than that of the prior month, according to the U.S. Geological Survey. Average daily production, at 153,000 metric tons per day (t/d), was 12,800 t/d greater than that of April 2006.

Average daily shipments in May 2006, at 162,000 t/d, were 3% less than those of April. Mine stocks at the end of May were 265,000 metric tons (t) less than those on April 30, a 2% decrease.

U.S. imports of iron ore in April 2006 were 84% greater than exports, with imports exceeding exports by 528,000 t.

Price Update.—By the end of June, the three major exporters of iron ore had announced settling their 2006-07 contract prices with the Chinese steel producers—a price increase of 19% for lump and fine ore and a decrease of 3% for Brazilian blast furnace pellets (BHP Billiton Limited, 2006¹; Companhia Vale do Rio Doce, 2006¹; Rio Tinto plc, 2006¹).

North American Pricing.—Cleveland-Cliffs Inc announced that its 2006 iron ore prices would be increased. Average 2006 sales revenues for pellets were expected to rise 7.5% over the 2005 average, with international pricing, producer price indices, price of hot rolled steel, and transportation costs all affecting the final price (Cleveland-Cliffs Inc, 2006¹).

Exploration and Development Update.—Government officials of Gabon granted a group headed by China National Machinery and Equipment Import and Export Corporation rights to large untapped iron ore reserves (about 1 billion t at 60% iron content) at Belinga. According to Government officials, the Chinese offer of financial guarantees and agreement to purchase all ore produced was better than the offer made by a consortium led by Companhia Vale do Rio Doce. The project would include construction of a mine, major rail links, a deepwater port, and a new hydroelectric dam. The total cost was estimated at approximately \$590 million (Agence France-Presse, 2006a¹, b¹).

Domestic Update.—Minnesota Steel Industries, LLC continues to make progress on the \$1.6 billion combined iron

ore mine, pelletizing plant, direct-reduced iron plant, and steelmaking facilities near Nashwauk, MN (See Iron Ore in November 2004.). Project economics have recently benefited from additional leases on ore reserves, a less expensive source of natural gas, and a change to slab rather than hot-rolled coil, as the final product. Further advantages of the project include transportation cost advantages to finishing plants in the Great Lakes region, the control of iron ore reserves for steelmaking, and the reduced silica content of the ore. Draft scoping studies have been completed, and a draft environmental impact assessment should be available in the third quarter of 2006, with construction possibly beginning in the first quarter of 2007 (Pinkham, 2006).

Transportation.—A capesize bulk vessel carrying 155,000 t of iron ore sank on May 3 off the east coast of South Africa. The “*Alexandros T*” was en route from Brazil to China (Mining Engineering, 2006).

References Cited

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Rio Tinto plc, 2006 (June 21), Iron ore price settlement, accessed July 24, 2006, via URL <http://www.riotinto.com>.

¹References that include a section mark (§) are found in the Internet References Cited section.

TABLE 1
U.S. PRODUCTION AND SHIPMENTS OF IRON ORE^{1,2}
(Exclusive of ore containing 5% or more of manganese)

(Thousand metric tons)

Period	Production		Shipments	
	Monthly	Year to date	Monthly	Year to date
2005:				
May	5,250	22,000	5,210	17,300
June	4,480	26,500	4,840	22,100
July	5,160	31,600	5,110	27,200
August	4,840	36,500	5,020	32,200
September	4,460	40,900	5,150	37,400
October	4,480	45,400	5,190	42,600
November	4,740	50,200	4,330	46,900
December	4,380	54,500	4,880	51,800
2006:				
January	4,600	4,600	3,600	3,600
February	3,820	8,420	953	4,550
March	4,600	13,000	2,330	6,880
April	4,220	17,200	5,020	11,900
May	4,750	22,000	5,020	16,900

¹Data are rounded to no more than three significant digits.

²Excludes byproduct ores.

TABLE 2
U.S. PRODUCTION, SHIPMENTS, AND STOCKS OF IRON ORE IN MAY^{1,2}

(Thousand metric tons)

State	Production		Shipments ³		Stocks ⁴	
	2006	2005	2006	2005	2006	2005
Michigan	1,060	1,370	1,070	1,190	2,720	2,150
Minnesota	3,690	3,880	3,950	4,020	8,090	5,580
Total	4,750	5,250	5,020	5,210	10,800	7,730

¹Data are rounded to no more than three significant digits; may not add to totals shown.

²Excludes byproduct ore.

³Includes rail and vessel.

⁴Includes mines, concentrators, pelletizing plants, and loading docks.

TABLE 3
CANADA: SHIPMENTS OF IRON ORE^{1,2}

(Thousand dry metric tons)

Period	Newfoundland and Labrador	Quebec	British Columbia	Total
2005:				
April	1,690	967	7	2,660
May	1,940	588	10	2,540
June	1,620	399	8	2,030
July	1,500	1,050	7	2,550
August	1,430	708	10	2,150
September	1,800	1,160	9	2,960
October	2,000	927	10	2,930
November	1,920	1,320	10	3,250
December	1,900	1,130	9	3,040
Year total	19,100	10,900	106	30,100
2006:				
January	1,010 ^r	705	10	1,720 ^r
February	951 ^r	730	10	1,690 ^r
March	1,210 ^r	730	7	1,950 ^r
April	1,850	1,180	8	3,030

¹Data are rounded to no more than three significant digits; may not add to totals shown.

²Includes production from steel plant waste oxides.

Source: Natural Resources Canada.

TABLE 4
PRODUCTION OF PIG IRON AND RAW STEEL IN THE UNITED STATES, BY TYPE OF FURNACE¹

(Thousand metric tons)

Period	Pig iron production, blast furnace		Raw steel production			
	Monthly	Year to date	Basic oxygen furnace ²		Electric furnace	
	Monthly	Year to date	Monthly	Year to date	Monthly	Year to date
2005:						
April	3,080	13,400	3,500	15,100	4,440	16,900
May	3,080	16,500	3,430	18,600	4,320	21,200
June	2,690	19,200	3,000	21,600	4,110	25,300
July	2,630	21,800	2,920	24,500	4,210	29,500
August	2,890	24,700	3,180	27,700	4,370	33,900
September	2,840	27,500	3,330	31,000	4,440	38,400
October	2,940	30,500	3,470	34,500	4,810	43,200
November	3,000	33,500	3,170	37,700	4,660	47,800
December	2,840	36,300	3,380	41,000	4,420	52,300
2006:						
January	3,190	3,190	3,560	3,560	4,530	4,530
February	3,100	6,300	3,470	7,030	4,250	8,780
March	3,420	9,710	3,800	10,800	5,070	13,900
April	3,280	13,000	3,640	14,500	4,870	18,700

¹Data are rounded to no more than three significant digits; may not add to totals shown.

²Raw steel production figures for the basic oxygen process are usually greater than the corresponding pig iron production figures because scrap is routinely melted in the basic oxygen furnace together with the molten pig iron.

Source: American Iron and Steel Institute.

TABLE 5
U.S. EXPORTS OF IRON ORE, BY COUNTRY OF DESTINATION AND TYPE^{1,2}

(Thousand metric tons)

Country of destination and type of product	2005		2006			
	4th quarter	Total	February	March	1st quarter	April
Canada	2,560	11,200	126	224	998	579
China	86	282	--	--	--	52
Mexico	27	30	(3)	12	13	(3)
Slovakia	--	237	--	--	--	--
Trinidad and Tobago	--	(3)	--	--	--	--
United Kingdom	78	78	--	--	--	--
Other	3	8	(3)	(3)	2	(3)
Total	2,760	11,800	126	236	1,010	631
Pellets	2,670	11,600	124	155	925	628
Concentrates	80	89	(3)	1	2	(3)
Direct shipping ores	5	60	--	1	2	1
Other	6	11	2	79	83	2
Total	2,760	11,800	126	236	1,010	631

-- Zero.

¹Data are rounded to no more than three significant digits; may not add to totals shown.

²Includes agglomerates.

³Less than ½ unit.

Source: U.S. Census Bureau.

TABLE 6
U.S. IMPORTS FOR CONSUMPTION OF IRON ORE, BY COUNTRY AND TYPE^{1,2}
(Exclusive of ore containing 20% or more manganese)

Country of origin and type of product	2006					2005
	April		Year to date			January-April
	Thousand metric tons	Value ³ (thousand dollars)	Thousand metric tons	Value ³ (thousand dollars)	Value ³ (dollars per ton)	Thousand metric tons
Australia	--	--	8	135	18.00	--
Brazil	333	17,300	1,410	71,100	50.52	1,480
Canada	821	44,100	1,480	88,700	60.01	1,360
Chile	--	--	96	4,270	44.30	172
China	--	--	--	--	--	(4)
Finland	3	106	3	106	35.24	3
Greece	--	--	15	386	25.00	13
Mexico	2	42	6	141	25.00	4
Paraguay	--	--	--	--	--	4
Peru	--	--	38	1,200	31.44	(4)
Russia	--	--	--	--	--	99
Spain	--	--	--	--	--	1
Trinidad and Tobago	--	--	284	5,900	20.80	375
Venezuela	--	--	--	--	--	14
Total	1,160	61,600	3,340	172,000	51.55	3,530
Concentrates	217	5,260	668	23,800	35.61	231
Coarse ores	--	--	--	--	--	21
Fine ores	321	16,900	1,170	48,400	41.38	1,250
Pellets	616	39,300	1,490	99,500	66.82	1,970
Other agglomerates	2	42	6	141	25.00	60
Roasted pyrites	3	106	3	106	35.24	--
Total	1,160	61,600	3,340	172,000	51.55	3,530

-- Zero.

¹Data, with the exception of the dollars per ton column, are rounded to no more than three significant digits; may not add to totals shown.

²Includes agglomerates.

³Customs value. Excludes international freight and insurance charges.

⁴Less than ½ unit.

Source: U.S. Census Bureau.

TABLE 7
U.S. IMPORTS FOR CONSUMPTION OF IRON ORE IN APRIL 2006^{1,2}
(Exclusive of ore containing 20% or more manganese)

(Thousand metric tons)

Country of origin	Type of product						Total
	Concentrates	Coarse ores	Fine ores	Pellets	Briquettes and other agglomerates	Roasted pyrites	
Brazil	--	--	185	149	--	--	333
Canada	217	--	136	467	--	--	821
Finland	--	--	--	--	--	3	3
Mexico	--	--	--	--	2	--	2
Total	217	--	321	616	2	3	1,160

-- Zero.

¹Data are rounded to no more than three significant digits; may not add to totals shown.

²Includes agglomerates.

Source: U.S. Census Bureau.

TABLE 8
U.S. IMPORTS FOR CONSUMPTION OF PELLETS, BY COUNTRY¹

Country of origin	2006					2005
	April		Year to date			January-April
	Thousand metric tons	Value ² (thousand dollars)	Thousand metric tons	Value ² (thousand dollars)	Value ² (dollars per ton)	Thousand metric tons
Brazil	149	10,100	640	41,100	64.18	947
Canada	467	29,200	849	58,400	68.81	923
Russia	--	--	--	--	--	99
Total	616	39,300	1,490	99,500	66.82	1,970

-- Zero.

¹Data, with the exception of the dollars per ton column, are rounded to no more than three significant digits; may not add to totals shown.

²Customs value. Excludes international freight and insurance charges.

Source: U.S. Census Bureau.

TABLE 9
U.S. IMPORTS FOR CONSUMPTION OF IRON ORE,
BY CUSTOMS DISTRICT^{1,2}
(Exclusive of ore containing 20% or more manganese)

(Thousand metric tons)

Customs district (code no.)	April	January-April	
	2006	2006	2005
Baltimore, MD (13)	353	1,350	1,220
Buffalo, NY (09)	--	--	5
Chicago, IL (39)	189	189	105
Cleveland, OH (41)	300	300	316
Detroit, MI (38)	26	51	27
Houston-Galveston, TX (53)	--	15	36
Los Angeles, CA (27)	--	--	(3)
Mobile, AL (19)	--	5	61
New Orleans, LA (20)	285	1,410	1,740
Nogales, AZ (26)	2	13	4
Ogdensburg, NY (07)	(3)	(3)	--
Philadelphia, PA (11)	3	3	--
San Francisco, CA (28)	--	--	4
San Juan, PR (49)	--	--	6
St. Louis, MO (45)	--	(3)	--
Total	1,160	3,340	3,530

-- Zero.

¹Data are rounded to no more than three significant digits; may not add to totals shown.

²Includes agglomerates.

³Less than ½ unit.

Source: U.S. Census Bureau.

TABLE 10
U.S. IMPORTS FOR CONSUMPTION OF PELLETS,
BY CUSTOMS DISTRICT¹

(Thousand metric tons)

Customs district (code no.)	April	January-April	
	2006	2006	2005
Baltimore, MD (13)	141	568	655
Chicago, IL (39)	--	--	26
Cleveland, OH (41)	300	300	314
Detroit, MI (38)	26	51	27
Houston-Galveston, TX (53)	--	--	36
Mobile, AL (19)	--	--	61
New Orleans, LA (20)	149	569	851
Total	616	1,490	1,970

-- Zero.

¹Data are rounded to no more than three significant digits; may not add to totals shown.

Source: U.S. Census Bureau.